

# Employer NIC increases already having huge impact

6 months ago



The latest analysis from the [Global Payroll Alliance](#) (GPA) reveals that HMRC has collected 5% more tax receipts in the first six months of 2025 compared to the same period in 2024, driven by huge hikes in Self Assessment Income Tax and Employer National Insurance Contributions.

GPA has analysed HMRC tax receipt data for January – June 2025 and found over those six months, HMRC collected £460.8bn in tax income. This marks a 4.9% increase compared to the same six-month period in 2024.

Total Income Tax receipts alone accounted for £170.5bn over the first six months of this year, marking an increase of 9.9% on last year. This was driven by a huge increase of 16.5% in Self Assessment Income Tax – tax paid by the self-employed – while PAYE Income Tax receipts grew by 9.1%.

However, while Self-Assessment Income Tax saw the largest increase across all HMRC tax receipt categories, the most striking and perhaps consequential increase has been seen in Employer National Insurance Contributions (NICs) which have increased by 12.4% on the year.

This comes after the Labour government [increased Employer NICs from a rate of 13.8% to 15%](#), starting from April 2025 – resulting in a great hike in staffing costs. Therefore, the 12.4% growth in Employer NIC receipts over the first six months of this year is the result of just three months (April – June) spent under the new regime. This offers a glimpse into just how heavy the new tax burden is for businesses, and just how large Employer NIC income will be by the end of this financial year.

The increase to Employer NICs also appears to have had a significant impact on another area of HMRC's tax income, namely the fact that Employee NIC receipts have fallen by -11.1%.

When Employer NICs were increased, it became vastly more expensive for businesses to employ their staff, and [previous research from GPA recently found that this has resulted in the number of PAYE employees in the UK falling by more than 160,000.](#)

Melanie Pizzey, CEO and Founder of the Global Payroll Alliance, says:

“In a few short months, we are already seeing the dramatic impact that the government’s Employer NIC increase is having on the UK economy. Businesses are paying vastly more tax than they did this time last year, while income tax from PAYE employees has taken a massive slump.

With the increase of one being more or less negated by the decrease of another, it’s hard to see any benefit whatsoever that has come from Labour’s decision. When you make it more expensive to employ people, it’s obvious that businesses are going to employ less people. In fact, only the largest, most profitable businesses have any hope of maintaining previous staffing levels while the SMEs who are vital to the economy today and hold the potential to grow into the large businesses tomorrow are cut down and forced to minimise operations if not cease operations altogether.”

Data tables and sources

- [\\*HMRC tax receipt data sourced from HMRC](#)
- [Full data tables can be viewed online, here](#)